

THE OWNERS: CONDOMINIUM PLAN NO. 882-0814
FINANCIAL STATEMENTS
JUNE 30, 2018

	Page#
Auditor's Report	1
Statement of Financial Position	2
Statement of Operating Fund	3
Statement of Capital Replacement Reserve Fund	4
Statement of Cash Flows	5
Notes to Financial Statements	6-8

Heather Zeniuk Professional Corporation

CHARTERED PROFESSIONAL ACCOUNTANT

Heather Zeniuk, B.Comm., CPA, CA
Telephone: (780) 463-8425
Fax: (888) 756-2430
Email: heather@hzcpa.ca

#207, 506B St. Albert Trail
St. Albert, Alberta
T8N 5Z1

INDEPENDENT AUDITOR'S REPORT

TO THE OWNERS: CONDOMINIUM PLAN NO. 882-0814

I have audited the accompanying financial statements of Condominium Plan No. 882-0814, which comprise the statement of financial position as at June 30, 2018 and the statements of operations and changes in net assets for the operating fund and the capital replacement reserve fund and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Condominium Plan No. 882-0814 as at June 30, 2018 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



HEATHER ZENIUK PROFESSIONAL CORPORATION
Chartered Professional Accountant

ST. ALBERT, Alberta
March 16, 2019

THE OWNERS: CONDOMINIUM PLAN NO. 882-0814
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018

	<u>Operating Fund</u>	<u>Capital Replacement Reserve Fund</u>	<u>Total 2018</u>	<u>Total 2017</u>
<u>ASSETS</u>				
CURRENT				
Cash and cash equivalents (Note 5)	\$ 67,997	\$ 302,250	\$ 370,247	\$ 365,150
Condominium fees receivable	1,393	-	1,393	2,033
Prepaid expenses	2,236	-	2,236	2,401
Due from reserve fund	<u>19,775</u>	<u>-</u>	<u>19,775</u>	<u>57,501</u>
	<u>\$ 91,401</u>	<u>\$ 302,250</u>	<u>\$ 393,651</u>	<u>\$ 427,085</u>
<u>LIABILITIES AND NET ASSETS</u>				
CURRENT				
Accounts payable	\$ 5,174	\$ -	\$ 5,174	\$ 7,032
Condominium fees paid in advance	479	-	479	258
Lot owner deposits	4,682	-	4,682	4,362
Current portion of loan payable (Note 8)	11,216	-	11,216	11,217
Due to operating fund	<u>-</u>	<u>19,775</u>	<u>19,775</u>	<u>57,501</u>
	<u>21,551</u>	<u>19,775</u>	<u>41,326</u>	<u>80,370</u>
LONG TERM				
Loan Payable (Note 8)	<u>\$ 4,673</u>	<u>\$ -</u>	<u>\$ 4,673</u>	<u>\$ 15,889</u>
CONTINGENT LIABILITY (Note 10)				
NET ASSETS				
Internally restricted capital replacement reserve fund (Page 4)	-	282,475	282,475	267,695
Unrestricted operating fund (Page 3)	<u>65,177</u>	<u>-</u>	<u>65,177</u>	<u>63,131</u>
	<u>65,177</u>	<u>282,475</u>	<u>347,652</u>	<u>330,826</u>
	<u>\$ 91,401</u>	<u>\$ 302,250</u>	<u>\$ 393,651</u>	<u>\$ 427,085</u>

(See accompanying notes)

APPROVED BY THE BOARD:

THE OWNERS: CONDOMINIUM PLAN NO. 882-0814
STATEMENT OF OPERATING FUND OPERATIONS AND
CHANGE IN OPERATING FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2018

	<u>2018</u>	<u>2017</u>
REVENUES		
Condominium fees	\$ 174,420	\$ 164,160
Less: Early payment discounts	<u>(4,323)</u>	<u>(4,114)</u>
	170,097	160,046
Interest on operating and other income	1,740	1,298
Tower rental	<u>1,143</u>	<u>1,219</u>
	<u>172,980</u>	<u>162,563</u>
 EXPENSES		
Administration:		
Insurance	10,407	7,270
Accounting	5,834	5,524
Office and miscellaneous	4,580	3,235
Audit	3,050	3,000
Legal fees	125	1,036
Reserve fund study	-	4,225
Operating:		
Power	6,294	5,541
Waste removal	2,250	1,978
Heat	920	905
Maintenance:		
Security, site, lawn services and grounds maintenance	81,977	75,804
Plumbing	39,622	25,677
Snow removal	4,275	3,885
Building repairs and maintenance	<u>-</u>	<u>246</u>
	<u>159,334</u>	<u>138,326</u>
 EXCESS OF REVENUES OVER EXPENSES	13,646	24,237
 ALLOCATION TO RESERVE (Note 3)	<u>(11,600)</u>	<u>-</u>
	2,046	24,237
 OPERATING FUND BALANCE BEGINNING OF YEAR	<u>63,131</u>	<u>38,894</u>
 OPERATING FUND BALANCE END OF YEAR	<u>\$ 65,177</u>	<u>\$ 63,131</u>

(See accompanying notes)

THE OWNERS: CONDOMINIUM PLAN NO. 882-0814
STATEMENT OF CAPITAL REPLACEMENT RESERVE FUND OPERATIONS
AND CHANGE IN CAPITAL REPLACEMENT RESERVE FUND
FOR THE YEAR ENDED JUNE 30, 2018

	<u>2018</u>	<u>2017</u>
REVENUES		
Interest income	\$ <u>3,180</u>	\$ <u>1,967</u>
	<u>3,180</u>	<u>1,967</u>
EXPENSES		
Water distribution line refurbishments	<u>-</u>	<u>57,501</u>
	<u>-</u>	<u>57,501</u>
EXCESS OF REVENUES OVER EXPENSES	3,180	(55,534)
ALLOCATION FROM OPERATING (Note 3)	<u>11,600</u>	<u>-</u>
	14,780	(55,534)
CAPITAL REPLACEMENT RESERVE FUND		
BALANCE BEGINNING OF YEAR	<u>267,695</u>	<u>323,229</u>
CAPITAL REPLACEMENT RESERVE FUND		
BALANCE END OF YEAR	<u>\$ 282,475</u>	<u>\$ 267,695</u>

(See accompanying notes)

**THE OWNERS: CONDOMINIUM PLAN NO. 882-0814
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Operating Fund</u>	<u>Capital Replacement Reserve Fund</u>	<u>Total 2018</u>	<u>Total 2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from condominium fees	\$ 170,958	\$ -	\$ 170,958	\$ 170,510
Interest and other income received	2,883	3,180	6,063	4,484
Cash paid to suppliers	(161,027)	-	(161,027)	(192,859)
Cash transfer to (from) other funds for operations	37,726	(37,726)	-	-
Increase in deposits held	<u>320</u>	<u>-</u>	<u>320</u>	<u>255</u>
	<u>50,860</u>	<u>(34,546)</u>	<u>16,314</u>	<u>(17,610)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Cash transfer to capital replacement reserve fund	(11,600)	11,600	-	-
Loan principal repayments	<u>(11,217)</u>	<u>-</u>	<u>(11,217)</u>	<u>(11,217)</u>
	<u>(22,817)</u>	<u>11,600</u>	<u>(11,217)</u>	<u>(11,217)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS FOR THE YEAR	28,043	(22,946)	5,097	(28,827)
CASH AND CASH EQUIVALENTS BEGINNING OF YEAR	<u>39,954</u>	<u>325,196</u>	<u>365,150</u>	<u>393,977</u>
CASH AND CASH EQUIVALENTS END OF YEAR	<u>\$ 67,997</u>	<u>\$ 302,250</u>	<u>\$ 370,247</u>	<u>\$ 365,150</u>
REPRESENTED BY:				
Cash and cash equivalents (Note 5)	<u>\$ 67,997</u>	<u>\$ 302,250</u>	<u>\$ 370,247</u>	<u>\$ 365,150</u>

(See accompanying notes)

THE OWNERS: CONDOMINIUM PLAN NO. 882-0814
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

1. PURPOSE OF ORGANIZATION

The condominium corporation is a non-profit organization and the common area assets of the corporation are owned proportionately by the owners of the units and as such are not reflected as assets in these financial statements. The condominium corporation is registered under the Condominium Property Act of Alberta and its function is to regulate the use of the property and to provide repairs, maintenance and other services to the common area.

The financial statements include only the assets, liabilities, revenues and expenses relating to the operations of The Owners:Condominium Plan No. 882-0814. The statements do not include the cost of land or building and the outstanding principal balances owing on mortgages which are the responsibility of the owners. Income taxes are not provided since the condominium corporation is not taxable.

2. SIGNIFICANT ACCOUNTING POLICIES

Condominium Plan No. 882-0814 follows the Canadian accounting standards for not-for-profit organizations.

a) Fund accounting:

The operating fund accounts for the condominium's operating and administrative activities. The capital replacement reserve fund is an internally restricted fund being retained by the condominium corporation for future anticipated repairs, replacement and refurbishment of common property. All transfers to and expenditures from this fund are approved by the condominium corporation.

b) Revenue recognition:

Condominium fee assessments related to general operations are recognized as revenue of the operating fund as billed to the owners by the condominium corporation. Billings for the condominium fees consist of estimates of monthly charges based on approved budgets. All expenses are recognized as incurred. Interest income on cash and investments is recognized as revenue in the fund in which it is earned.

c) Contributed services:

Volunteer services contributed on behalf of the condominium corporation in carrying out its operating activities are not recognized in these financial statements due to the difficulty of determining their fair value.

d) Use of estimates:

The preparation of the financial statements of the condominium corporation are in conformity with generally accepted accounting principles that requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

e) Financial instruments:

Measurement:

The corporation initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The corporation subsequently measures all its financial assets and financial liabilities at amortized cost. Financial assets measured at amortized cost include cash and cash equivalents and condominium fees receivable. Financial liabilities measured at amortized cost include condominium fees paid in advance, lot owner deposits, loan payable and accounts payable.

THE OWNERS: CONDOMINIUM PLAN NO. 882-0814
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

2. SIGNIFICANT ACCOUNT POLICIES (CONTINUED)

e) Financial instruments: (Continued)

Impairment:

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Transaction Costs:

The corporation recognizes its transaction costs in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

3. CAPITAL REPLACEMENT RESERVE FUND ALLOCATION

The corporation has allocated \$11,600 to the capital replacement reserve fund. This represents the amount budgeted for this purpose.

4. CAPITAL ASSETS

All additions to capital assets are expensed in the year of acquisition. There were no capital asset additions in the current year (2017: \$NIL).

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are comprised as follows:

Bank overdraft	\$ (1,273)
Term deposits	370,053
Accrued interest	<u>1,467</u>
	<u>\$ 370,247</u>

6. INCOME TAXES

A condominium corporation created under the Canadian provincial legislation is a taxable non-profit organization under the Income Tax Act. Provided that substantially all of the corporation's gross revenue (other than interest) is derived from dealings with members, Revenue Canada is prepared to regard excess members' contributions as amounts required for the operations of the condominium property and not as income of the corporation or its members. Accordingly no provision for income taxes has been made.

7. ADEQUACY OF CAPITAL REPLACEMENT RESERVE FUND

An independent reserve fund study was conducted in 2017. The Board of Directors is utilizing this report together with such other information as is available in evaluating the capital replacement reserve fund requirements and in developing a reserve fund plan.

THE OWNERS: CONDOMINIUM PLAN NO. 882-0814
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

8. LONG TERM DEBT

During the 2016 fiscal year the condominium arranged financing of \$47,670 to fund the replacement of the grader. This funding consists of a loan payable at 0.0% repayable in monthly installments of \$934.71 and due November 14, 2019.

The balance of the loan as at June 30, 2018 is as follows:	15,889
Less: Principal portion due within one year	<u>11,216</u>
	\$ <u><u>4,673</u></u>
Principal payments due in the future are as follows:	
2020	\$ <u><u>4,673</u></u>

9. CAPITAL MANAGEMENT

The condominium corporation's objectives when managing capital are to protect its ability as a going concern and maintain sufficient capital to pay its monthly operating costs and provide for future replacements of the capital replacement reserve fund. The condominium corporation's capital is comprised of its operating fund unrestricted net assets and the capital replacement reserve fund restricted net assets.

In managing its capital, the corporation is required by the Condominium Property Act to have a reserve fund study performed by a qualified person every five years. This reserve fund study determines the life of the major components of the property and estimates when they will need to be replaced and makes recommendations as to the funding of these replacements. The corporation also prepares an annual budget of operating costs and repairs with expected funding sources. This budget is approved by the Board of Directors.

In order to maintain sufficient capital for operations, the condominium corporation may increase condominium fees or levy special assessments.

10. CONTINGENT LIABILITY

During the year the board was notified by Alberta Environment that upgrades to the existing water system are required in order to meet current standards. Subsequent to the year end the board engaged an engineering firm to provide a preliminary design report, design drawings, bidding support and construction administration at a total estimated cost of \$45,000 plus GST. Upon completion of the engineer's report the board will evaluate the upgrade options and determine the best course of action to meet the government regulations.

11. SUBSEQUENT EVENT

Subsequent to the year end the condominium engaged a contractor to complete certain bridge refurbishments at a cost of \$5,849 including GST.

12. COMPARATIVE FIGURES

Certain 2017 figures on the statement of financial position have been reclassified to conform to the presentation adopted in the current year.